

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814
(916) 323-1263



August 5, 1983

ALL-COUNTY LETTER NO. 83-78

TO: ALL-COUNTY WELFARE DIRECTORS

SUBJECT: COST-OF-LIVING ADJUSTMENTS TO FOSTER FAMILY HOMES

REFERENCE:

The purpose of this letter is to provide instructions to counties regarding the application of the FY 1983-84 Cost-Of-Living Adjustment (COLA) to the individual county foster family home rate schedules.

AB 2695 (Chapter 977, Statutes of 1982) sets forth a standardized schedule for basic foster family home rates. The law also specifies that this standardized schedule is to be adjusted for any cost-of-living increases provided by the Legislature in accordance with Welfare and Institutions Code (W&IC) Section 11453. The Budget Act provides for a four percent COLA. The following is the AB 2695 standardized schedule adjusted by the four percent COLA.

<u>AGE</u>	<u>Standardized Schedule Set Forth in Law</u>	<u>New Standardized Schedule (Adjusted for Four Percent Cost-of-Living)</u>
0-4	\$269	\$280
5-8	292	304
9-11	312	324
12-14	346	360
15-20	377	392

Counties currently are paying basic rates both less than and in excess of the standardized schedule. W&IC Section 11461 provides that counties which have rates in excess of the new schedule can increase their rates by only 70 percent of the COLA provided. In subsequent years these counties can increase their rates by only 50 percent, if any COLA is granted by the Legislature. This will eventually result in the differences between their rates and the standardized schedule being eliminated. W&IC Section 11461 also provides that if sufficient funds are available, counties which have rates that are less than the standardized schedule shall receive state participation in the new standardized rates. However, if insufficient funds are available to implement

the new standards, the law authorizes the department to determine the amounts by which the counties' rates should be increased. Since insufficient funds are available to implement the new standards, the following procedure will be utilized in order to move counties toward standardization:

A. Counties whose rates are less than the new standardized basic rate schedule

1. These counties are instructed to convert to the five age groups established in the law by using existing rates. If children combined into one new age group currently receive more than one rate, the county will establish the base rate at the highest level currently paid for children included in that group.

Example: County A, which is below the new standard, currently has three age groups: 0-6 = \$230; 7-12 = \$275; 13-20 = \$311. The county will convert to the five new age groups as follows:

	0-4	5-6	7-8	9-11	12	13-14	15-20
Current County Rates	\$230	\$230	\$275	\$275	\$275	\$311	\$311
New County Base Rates (after age group adjustments)	\$230	\$275	\$275	\$275	\$311	\$311	\$311

2. After establishing the five age groups, the county will apply the four percent COLA to the new base rates as determined under No. 1 above.

Example:

$$\begin{aligned}
 0-4 &= \$230 \times 1.04 = \underline{\$239} \\
 5-8 &= \$275 \times 1.04 = \underline{\$286} \\
 9-11 &= \$275 \times 1.04 = \underline{\$286} \\
 12-14 &= \$311 \times 1.04 = \underline{\$323} \\
 15-20 &= \$311 \times 1.04 = \underline{\$323}
 \end{aligned}$$

3. The amounts in No. 2 above must then be compared against the new standardized rate schedule. The lesser of the amounts in No. 2 above or the standardized rate amounts are the new basic rates for FY 1983-84.

B. Counties whose rates exceed the new standardized basic rate schedule

1. Counties can apply up to 70 percent of the cost-of-living adjustment to the county rate. These counties are instructed to retain their current age groupings.

Example: County B, which is above the new standards, currently has three age groups: 0-6 = \$299; 7-12 = \$345; 13-20 = \$390. County B may apply up to 70 percent of the COLA to the base rates (70 percent x 4 percent = 2.80 percent).

0-6 = \$299 x 1.028 = \$307
 7-12 = \$345 x 1.028 = \$355
 13-20 = \$390 x 1.028 = \$401

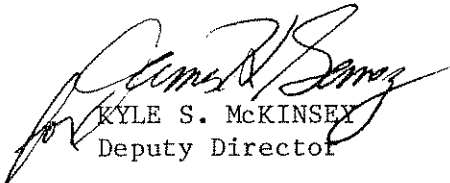
2. A situation may arise in which applying the procedure under No. 1 may result in a child (usually a 5-, 6- or 12-year old) receiving a lower payment than the child would have received according to the standardized schedule. If this should occur, the county must break that age child out from the rest of the age group and establish the rate at the standardized schedule.

Example: Under No. 1 a 12-year-old would receive a rate of \$355 even though the adjusted standardized schedule would provide a rate of \$360. Therefore, 12-year-olds would be treated as a separate age group at a rate of \$360.

C. Specialized Care Rates

Counties can apply up to a four percent COLA to the specialized care increment of their foster family home rates.

If you have any questions regarding foster family home rates, please contact the Foster Care Rates Bureau at (916) 323-1263.


 KYLE S. MCKINSEY
 Deputy Director

cc: County Welfare Director's Association